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U.S. WITHDRAWS TROOPS TO PROMOTE AGREEMENT WITH PANAMA

IN deciding to evacuate troops from temporary bases in the territory of the Republic of Panama outside the strategic Canal Zone, the United States has taken a long step toward settling the dispute which has dragged on for fifteen months. The decision, announced on December 23, followed immediately after the Panamanian legislature's unanimous rejection of an agreement which would have provided for continued use of some of the bases leased by Panama to the United States during the war. After laborious negotiations, the two governments had finally reached accord on the duration of the leases, and the renewal agreement had been signed in Panama on December 10. Panamanians, however, opposed the terms. Rather than sign for his government, Dr. Ricardo Alfaro, who had first tried unsuccessfully to terminate the original agreement and then to negotiate five-year leases only, resigned his position as Foreign Minister. President Enrique Jimenez appeared personally in the National Assembly to defend the agreement but was unable even to muster the support of the government coalition parties. Under the circumstances the United States decided to withdraw rather than to stay on, although the terms of the 1942 agreement seem to permit the latter alternative.

DIFFERENCE OVER TREATY TERMS. At stake are fourteen military installations under United States jurisdiction, all that remain of the 134 base sites leased by Panama under the 1942 agreement. The remainder have been gradually turned back to Panama since the end of hostilities. Of these, thirteen are radar and other technical installations, and one, the Rio Hato base eighty miles south of the Canal, is the only heavy bomber airfield in the area. If Panama had renewed the agreement, the United States would have retained the thirteen smaller bases

for five years, and the Rio Hato base for ten years, with an option to renew the lease for an additional ten-year period. Washington is said to have asked originally for a ninety-nine year lease, and progressively to have whittled down its proposal to fifty, thirty, and finally twenty years.

In the course of these protracted negotiations the arguments for and against the return of the base sites have turned on interpretation of the 1942 agreement. If the United States view is accepted, Panama not only has no right to repudiate the agreement but also is positively obligated by the Treaty of Friendship and Cooperation of 1936 to reach a fair arrangement for the use of whatever area may be essential to the protection of the Canal. The 1942 agreement explicitly states that American occupation of the bases is to end "within one year after the date on which the definitive treaty of peace . . . shall have entered into effect." The Panamanian government has but slight legal basis for identifying this date with the cessation of hostilities with Japan. Legalistic arguments aside, however, its understanding at the time the bases were leased was that they would be promptly returned when the war

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emergency was ended.

But the treaty also provides that if, before that date, the two governments believe that an unstable international situation warrants the continuation of the use of any of the base sites under discussion, they are obliged to "conclude the new agreement which the circumstances require." In the view of the United States, international and technological considerations make it imperative to enlarge the antiquated Canal defenses. The Rio Hato air base was the focal point of the wartime arc of defense arrangements for the southeastern Pacific. Unless a long-term lease can be secured, the United States does not consider worthwhile the expenditure of the \$30 million which would be required to make the base capable of accommodating heavier bombers. But the Panamanians, while not belittling the present tension in international relations, do not think it justifies the alienation of part of their territory for a period of twenty years.

U.S. HIGHHANDEDNESS IN PAST. Resentment over the arbitrary character of United States military jurisdiction in the past goes far toward explaining Panama's position. The treaty of 1903, which governed relations between the two countries until 1936, in effect reduced Panama to the status of a protectorate. The United States for practical purposes became sovereign over as much of the isthmus as was necessary fully to maintain and defend the Canal. For many years this country exercised its right of unilateral expropriation with little regard for Panamanian interests. The treaty of 1936, which replaced the humiliating guarantee of Panama's independence with provision for joint consultation and action in the event of any threat of aggression, in theory, at least, raised Panama to the level of a partner with the United States and did much to restore wounded pride. But the treaty could not and did not remove all causes of friction. The present breakdown of negotiations also reflects local grievances over discrimination against Panamanian workers in wage schedules and opportunities for em-

ployment in the Canal Zone, the competition of duty-free American merchandise sold in the Zone, and the superior attitude adopted by a few Americans in the vicinity. Assertions made by some American publications to the effect that Communist agitation was responsible for the Assembly's refusal to ratify the agreement seem to overlook the fact that real grievances exist and are fed by Panamanian nationalism.

For the United States the breakdown of negotiations focuses attention anew on the problem of whether to modernize the Canal to meet the demands of the atomic age or to construct another canal. On December 23 Representative Albert J. Engel, Republican, of Michigan, who is chairman of the House Defense Appropriations subcommittee, indicated that he will recommend a survey of a new canal site outside Panama altogether. "We certainly are not going to spend hundreds of millions of dollars in developing the present canal or for a sea level canal at the present site when we cannot obtain bases to defend the canal in time of war," he declared.

It would be disastrous if hasty decisions on this extraordinarily complex engineering problem were taken in a spirit of pique over a momentary diplomatic setback. For this reason the United States has acted wisely in taking the interim step of evacuation. Its demonstration of good faith puts the Administration on firmer ground, too, in arguing for the withdrawal of foreign troops in other parts of the world when their presence is no longer desired by the legitimate government of the nation involved. The question of internationalizing the Panama Canal, frequently linked in argument with the issue of control of the Dardanelles and the Suez Canal, remains for the future. What is now needed is to conclude a mutually satisfactory agreement with Panama which will uphold Panamanian sovereignty while providing adequately for the defense of the Canal now and in the future.

OLIVE HOLMES

CONDITIONS OF U.S. AID SUBJECTED TO CLOSE SCRUTINY IN FRANCE

In bilateral agreements signed with the United States by France and Austria on January 2, and by Italy the following day, these countries accepted all the conditions laid down by Congress in the Foreign Aid Act of 1947. They thereby became eligible to receive relief grants totaling \$522 million to finance urgently needed imports of food, fuel, medicines and other supplies. Enacted on December 15 for the purpose of aiding these countries in their struggle to remain free and independent, this legislation contains certain provisions which, in the opinion of the French government particularly, appear to reflect unfavorably on the sovereignty of the recipients. In negotiations with Paris preceding the signing of the

treaties, State Department representatives overcame these objections by revising their original draft text to eliminate a full statement of all the regulations prescribed by Congress.

TERMS OF THE AID LAW. The more important conditions and limitations which are not specifically set forth in the agreement with France are those contained in Sections 5, 6 and 7 of the foreign aid law. Instead, Article III of the accord merely states that the French government is cognizant of these requirements and undertakes to fulfill them. In Section 5 it was provided that no aid shall be given unless an agreement has first been signed which binds the recipient as follows: to make efficient use

of any commodities supplied under the act and "to take all economic measures necessary to increase its ability to achieve a self-sustaining economy"; to deposit in a special account in its national bank a sum of local currency equivalent to the dollar grants received, this fund to be used only for such purposes as may be agreed to by the American government and the other party; to give full publicity "including Government press and radio"; to furnish information on the use made of the commodities supplied by this country; to sign "specific agreements" covering the distribution of each classification of "incentive goods," limited amounts of which are to be supplied for the purpose of increasing local production; to permit representatives of the American government and duly authorized Congressional committees "to observe, advise and report on the distribution" of all aid given under the terms of the act; and finally, to permit the American press and radio to observe and report on the aid program. In Section 6, it is further provided that should any country fail to honor its agreement in full, the President shall promptly terminate the aid. Section 7 requires that all articles from the United States be labeled to indicate that they have been supplied by this country.

The desire of Congress to insure full and efficient use of the resources made available under the foreign aid legislation is understandable, for while this country is economically strong, the national output is not so large that unlimited and unrestricted assistance abroad can be given. In these circumstances, a desirable program is one which serves our national interests without at the same time weakening those of the nation we seek to aid. Considered from this point of view, there is reason to believe that certain of the above-cited conditions are either unnecessary or inappropriate. Thus, the proviso requiring full publicity carries the implication that the country aided will not be duly grateful for the assistance it receives. Past experience gives no evidence of such an attitude on the part of the people of France, Italy or Austria. Moreover, these governments have never placed any restrictions on Congressional visitors or the American press and radio. They might well take exception—as France did—to the provision that Congressmen be allowed to advise on the actual operation of the aid program. The stipulation that every effort be made to achieve a self-supporting economy may be considered superfluous, since all three governments have endorsed the Paris conference (CEEC) four-year production

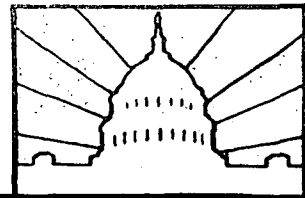
plan which obligates them to seek a balanced budget, monetary stability and a larger output. Actually, several of the limitations were imposed as a result of the view held by some members of Congress that certain countries in Eastern Europe had misused relief goods provided by the United States under the UNRRA program. But similar complaints have never been voiced concerning France, Italy or Austria. Unnecessary controls do more harm than good, for they enable both left- and right-wing extremists to contend that Washington seeks to control the internal affairs of other governments. While a Communist government would probably not be free of outside control, protagonists of such a regime have all along made political capital by impugning the motives of the United States. Moderate parties in France and Italy have a difficult task to perform even assuming the most favorable conditions. Any requirements, therefore, which embarrass them in their struggle to achieve recovery serve only to defeat the purposes for which the aid is being given.

FRENCH OBJECTIONS. Considerations such as these prompted the French authorities to request a revision of the terms of the aid agreement originally proposed by Washington. The Paris government strongly opposed any accord which mentioned the possibility of default. It was agreed simply that the United States assumed no present or future obligation to provide aid. However, the French proposal that the aid program become operative after an exchange of letters was rejected, for the law specifically calls for an agreement. What might otherwise have been a lengthy and in part embarrassing recital of details was avoided by merely citing the relevant sections of the act. It was also agreed that funds obtained from the sale of the relief commodities would be used to meet American administrative costs in France, which are expected to be small, and to promote French fiscal and monetary stability.

In summary, the difficulties encountered by the State Department in applying the requirements stipulated by Congress foreshadow some of the problems which must be carefully studied if a successful long-term European aid program is to be put into force. In this connection, the Committee for the Marshall Plan to Aid European Recovery has observed in a public announcement made on December 22 that "we should ask for no assurance from them [i.e., members of the CEEC] that we could not accept with honor if we ourselves needed help."

HAROLD H. HUTCHESON

Washington News Letter



U.S. EMPHASIZES MILITARY SIDE OF GREEK AID PROGRAM

By sending one thousand marines to American naval vessels now in the Mediterranean, the Administration has underlined its belief that it can keep the peace by vigorous diplomatic counteraction to what it considers warlike moves on the part of the Soviet Union and its Balkan neighbors. The immediate purpose in ordering the marines abroad on January 2 was to dissuade Yugoslavia, Albania or Bulgaria from further interference in the disturbed affairs of Greece either by recognizing the new "Provisional Democratic Government of Free Greece" or by providing troops for the guerrilla armies of that revolutionary regime, which Markos Vafiades and his Communist followers established on December 24 in opposition to the duly constituted government in Athens.

PRIMARILY A MILITARY PROBLEM. The Administration has a dual motivation for its diplomacy on Greece. Its principal and immediate aim is to prevent the Greeks' northern neighbors from sundering the country and thus endangering American interests in the eastern Mediterranean. Its second and long-range aim is to lay the foundation at last for stabilization of Greek economy. So long as the guerrillas fight, the Administration believes it will be impossible to achieve stability. "All of the necessary elements for Greek recovery are now present and can begin to be operative once internal order is established," President Truman told Congress on November 17 in a formal report on the administration of the program of assistance for Greece and Turkey. Superficially, at least, the situation still appears to be what it was last March 3, when the Greek government asked the United States to provide "the means of restoring in the country the tranquility and feeling of security indispensable to the achievement of economic and political recovery."

Accordingly, President Truman and his Cabinet for the present give priority to the military side of the Greek assistance program. The United States military and naval missions have received the major portion of the funds so far disbursed from the \$300 million which Congress appropriated for Greece on May 22. This emphasis on arms is consistent with the original purpose of the aid act, which noted at the beginning of its preamble that the Greeks had sought the help "necessary for the maintenance of their national integrity and survival as a free nation." When the aid act expires, the Administration expects to carry forward the

Greek economic and social program as part of the European Recovery Program, if Congress adopts the ERP. To hasten recovery, the United States has been clearing the Corinth Canal, building eight steel bridges for the railway north of Athens, improving port facilities at Salonika, Piraeus, and Volos, administering relief to 1,400,000 Greek indigents, and systematizing the Greek import licensing program in order to assure the most efficient use of foreign exchange. The Administration is hopeful that by June Greek forces, which American officers now are advising in the field, will have crushed the guerrilla troops of Vafiades if the latter grow no stronger through outside help. American optimism antedated the feat of the loyal Greek armies on January 1 in relieving the siege of Konitsa, a mountain town of Epirus near the Albanian border, which Vafiades had attacked on December 25. Should this optimism prove misplaced, the United States may have to consider seriously the question of sending a small force of combat troops to Greece.

UNITED NATIONS ACTION? Vafiades' withdrawal of his troops may help the United States to realize its objective of discouraging Yugoslavia from recognizing the rebels, although earlier victories by Athens over the same guerrillas failed to bring the internal struggle in Greece to an end. Both Athens and Washington look to the UN as well as to the loyal Greek armies to prevent further outside interference on behalf of the guerrillas. The Greek government on December 29 protested to Secretary-General Trygve Lie of the UN that Yugoslavia had interfered in Greek affairs, despite the prohibition laid down by the UN General Assembly, by broadcasting on the official Belgrade radio the proclamation of organization of the Vafiades regime. In a note addressed on the same day to the UN Balkans Commission at its headquarters in Salonika, the Greek government accused Yugoslavia, Bulgaria, and Albania of "imposing a communist regime on Greece by force." The commission, in turn, on January 2 took up with Mr. Lie the question whether the recognition of Vafiades by any country would require the calling of a special session of the General Assembly. The problem of the relations between Greece and its three northern neighbors might come within the purview of the Little Assembly, which met for the first time on January 5.

BLAIR BOLLES